

## Part III - Administrative, Procedural, and Miscellaneous

### Revised Housing Cost Amounts Eligible for Exclusion or Deduction

Notice 2007-25

#### SECTION 1. PURPOSE

This notice provides modifications and additions to the adjusted limitations on housing expenses published in Notice 2006-87, 2006-43 I.R.B. 766, for purposes of section 911 of the Internal Revenue Code (Code).

#### SECTION 2. BACKGROUND

Notice 2006-87 provides an adjusted limitation on housing expenses for a qualified individual incurring housing expenses in 2006 in one or more of the identified high cost localities to use (in lieu of the otherwise applicable limitation of \$24,720) in determining his or her housing expenses under section 911(c)(2)(A) of the Code.

Notice 2006-87 also requests comments on the average housing costs for specific locations that differ significantly from the amounts provided in the notice.

In response to comments received on Notice 2006-87, the Internal Revenue Service (IRS) and the Treasury Department are publishing certain modifications and additions to

the 2006 housing expense table in Notice 2006-87. The adjusted limitations on housing expenses provided in section 3 supersede and replace the adjusted limitations on housing expenses for 2006 for those specific locations provided in Notice 2006-87. The adjusted limitations on housing expenses provided in section 4 address locations within countries with high housing costs that were not identified in Notice 2006-87, and provide an adjusted limitation on housing expenses for 2006 for these locations. A complete table of the adjusted limitations on housing expenses for 2006 is available on the IRS website at <http://www.irs.gov/formspubs> under the link "What's Hot in forms and publications".

The IRS and the Treasury Department continue to work on guidance for housing expenses for 2007. Based on preliminary indications, the 2007 adjusted limitations on housing expenses for some locations may be lower than the 2006 adjusted limitations on housing expenses in Notice 2006-87 for those locations. The IRS and the Treasury Department intend to provide guidance for housing expenses for 2007 as soon as possible.

**SECTION 3. MODIFIED ADJUSTED LIMITATIONS ON HOUSING EXPENSES FOR SPECIFIC LOCATIONS IDENTIFIED IN NOTICE 2006-87**

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
Austria	Vienna	78.97	28,824
Bermuda	Hamilton	197.26	72,000
Bermuda	All cities other than Hamilton	71.78	26,200

Japan	Nagoya	103.52	37,786
Japan	Osaka-Kobe	145.30	53,036
Norway	Oslo	83.76	30,573
Russia	Moscow	207.45	75,720
Ukraine	Kiev	89.98	32,844

SECTION 4. ADJUSTED LIMITATIONS ON HOUSING EXPENSES FOR LOCATIONS  
NOT INCLUDED IN NOTICE 2006-87

Country	Location	Limitation on Housing Expenses (daily)	Limitation on Housing Expenses (full year)
China	Beijing	131.51	48,000
China	Shanghai	147.95	54,000
India	Mumbai	156.19	57,011
India	New Delhi	73.75	26,920
Indonesia	Jakarta	103.49	37,776
Qatar	Doha	95.30	34,786
Saudi Arabia	Jeddah	84.02	30,667
Saudi Arabia	Riyadh	84.02	30,667
Switzerland	Zurich	105.20	38,398
Taiwan	Taipei	122.42	44,685
United Arab Emirates	Abu Dhabi	82.12	29,973
United Arab Emirates	Dubai	116.31	42,452
United Kingdom	Basingstoke	112.60	41,099
United Kingdom	Gibraltar	122.24	44,616
United Kingdom	Surrey	121.51	44,350

## SECTION 5. EFFECT ON OTHER DOCUMENTS

Notice 2006-87 is modified and supplemented.

## SECTION 6. EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2006.

## SECTION 7. DRAFTING INFORMATION

The principal author of this notice is Paul J. Carlino of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Mr. Carlino at (202) 622-3840 (not a toll free call).